



EUROCHEM

2014 IFRS RESULTS CONFERENCE CALL

Thursday, 12 February, 2015

10:00 (EST) / 16:00 (CET) / 18:00 (MSK)

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Figures may not recalculate exactly due to rounding.

Percentage changes are calculated based on whole numbers, not the rounded numbers presented.



EUROCHEM GROUP OVERVIEW



- **3 Nitrogen plants** (2 in Russia, 1 in Belgium) - 3.0 MMT⁽¹⁾ of ammonia and 9MMT of total N fertilizer product capacity
- **3 Phosphate plants** (2 in Russia and 1 in Lithuania) - 2.4 MMT of MAP/DAP – and JV in China. 5MMT of total P fertilizer product capacity
- **Vertical integration:** own raw materials, port terminals, rail stock, construction/repair works, Europe/CIS distribution capacity
- **Natural gas operator** (Russia) - 1.1bn m³ of annual capacity (c.25% of EuroChem's annual consumption)
- **Apatite** (Russia) - P₂O₅-rich (37%-38%) and low-MER⁽²⁾ content (0.057) apatite ore (2.7 MMT per year) covers c.75% of own production needs for all phosphate plants and Antwerp
- **Iron ore** as a co-product of apatite mining : up to 5.7 MMT of iron ore (Fe content 63.5%)
- **Logistics** assets include transshipment capacity of c.8.8 MMT p.a. in Russia and c.3.5 MMT p.a. in the EU, 2 Panamax vessels, ~ 6,900 own rail stock/depot
- **Construction of own Potash (K) capacity** well underway (targeted capacity of over 8 MMT of KCl per year)
- **Strong operational track record;** all EuroChem production facilities are OHSAS-8001, ISO 14001 and ISO 9001 certified
- Total employees of >20,000
- **2014 revenues US\$ 5.1bn; EBITDA US\$ 1.5bn**

Vertically integrated business with strong global presence

Raw materials

- 1 Severneft-Urengoy
- 2 Kovdorskiy GOK
- 3 EuroChem Fertilizers

Potash projects

- 26 EuroChem-VolgaKaliy
- 27 EuroChem Usolskiy



Production

- 4 Novomoskovskiy Azot
- 5 Nevinnomysskiy Azot
- 6 EuroChem Antwerpen
- 7 Lifosa
- 8 Phosphorit
- 9 BMU
- 10 EuroChem Migao

Logistics

- 11 Ust-Luga
- 12 Tuapse
- 13 Murmansk
- 14 Sillamae

Sales & distribution

- 15 Zug
- 16 Tampa
- 17 Sao Paulo
- 18 Germany
- 19 Mexico
- 20 Turkey
- 21 Singapore
- 22 Spain
- 23 France
- 24 China
- 25 Italy
- 26 Greece

⁽¹⁾MMT : million metric tonnes ; ⁽²⁾MER : minor element ratio



Growth through Potash

- ✓ Build leading low-cost potash business

Cost efficiency through vertical integration

- ✓ Target self-sufficiency (nat. gas, phosphate rock, potash)
- ✓ Further cost efficiency through vertical integration in logistics
- ✓ Vertical integration enhances cost position, reduces risk / volatility of earnings

Value product range

- ✓ Maximize specialty agrochemicals: emphasis on de-commoditization of product portfolio by growing specialty fertilizer grades and industrial products
- ✓ Expand industrial portfolio (melamine, LDAN)

Proximity to customers

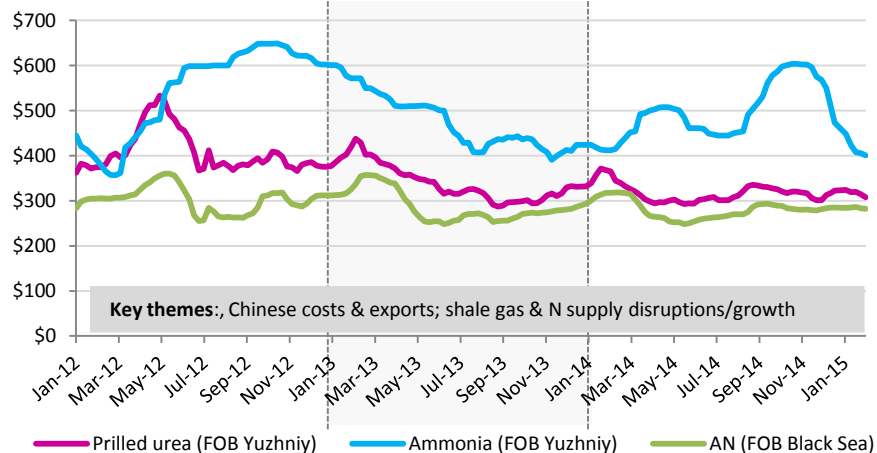
- ✓ Proximity to customers in key home markets via distribution allows to sell at a premium and exploit seasonality patterns. Brings valuable market knowledge from direct end-user contact



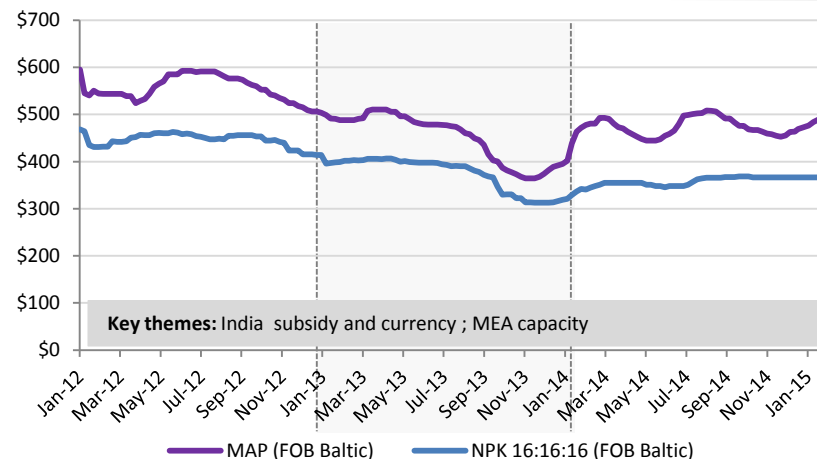
FERTILIZER MARKETS



Nitrogen (US\$/tonne)



Phosphates (US\$/tonne)



Iron ore (US\$/tonne)



Average prices (US\$/tonne)

Average prices (US\$/tonne)							2014	
	Q4-14	Q4-13	Y-o-Y chg.%	2014	2013	Y-o-Y chg.%	high	low
Prilled urea (FOB Yuzhniy)	315	312	1%	318	341	-7%	\$371	\$293
Ammonia (FOB Yuzhniy)	574	417	38%	496	479	4%	\$604	\$412
AN (FOB Black Sea)	283	277	2%	281	288	-2%	\$319	\$248
MAP (FOB Baltic)	463	374	24%	470	454	3%	\$508	\$395
Iron ore (CFR China)	77	135	-43%	99	136	-27%	\$136	\$68
MOP (FOB Baltic, spot)	294	320	-8%	287	379	-24%	\$298	\$279

A male technician wearing a white hard hat, safety glasses, and a blue long-sleeved shirt is working on a server rack. He is holding a yellow multimeter and connecting red and black test leads to a green terminal block. The background shows other server racks and a label '+S24'.

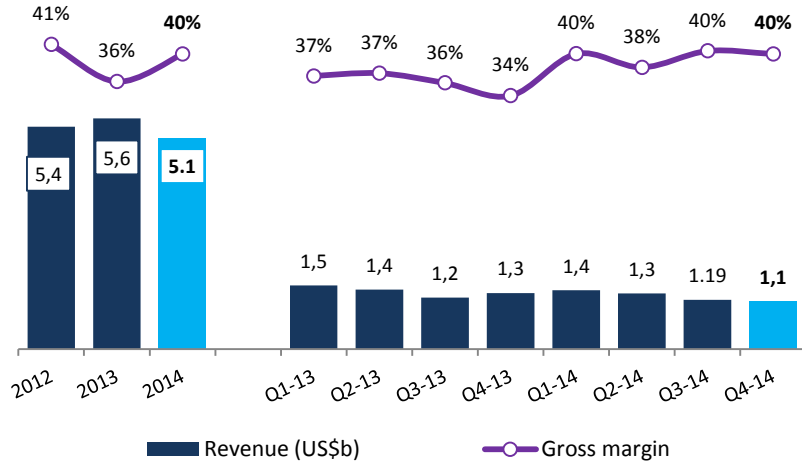
2014 IFRS RESULTS AND DEVELOPMENTS

Results and Developments

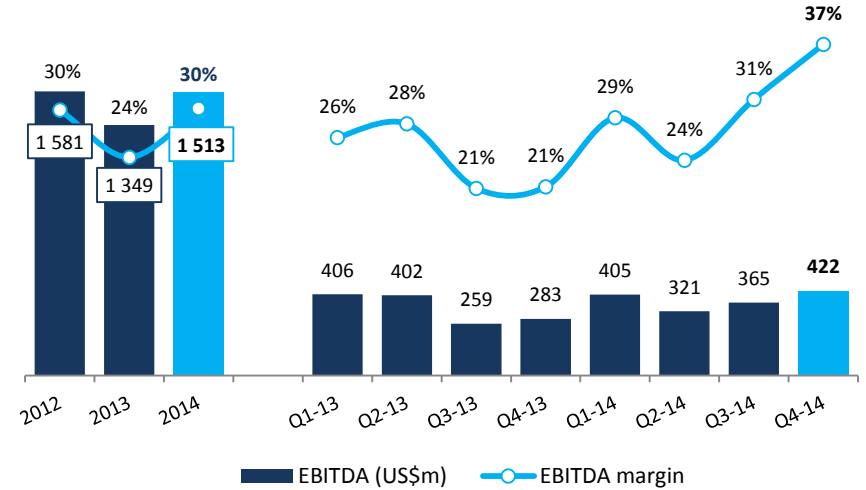
KEY FIGURES



Revenues (\$USbn), Gross margin (%)



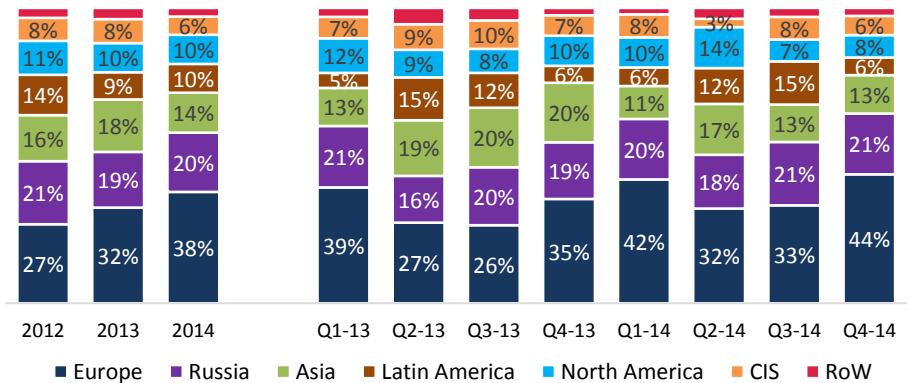
EBITDA (\$USm), EBITDA margin (%)



Sales volumes (KMT, EuroChem products only)

	2014	2013	Y-o-Y (%)
Nitrogen	8,339	8,218	+1%
Phosphate (excl. iron ore and baddeleyite)	2,277	2,414	-6%
Mining (iron ore and baddeleyite)	5,517	5,858	-6%

Geography of sales (% of total)



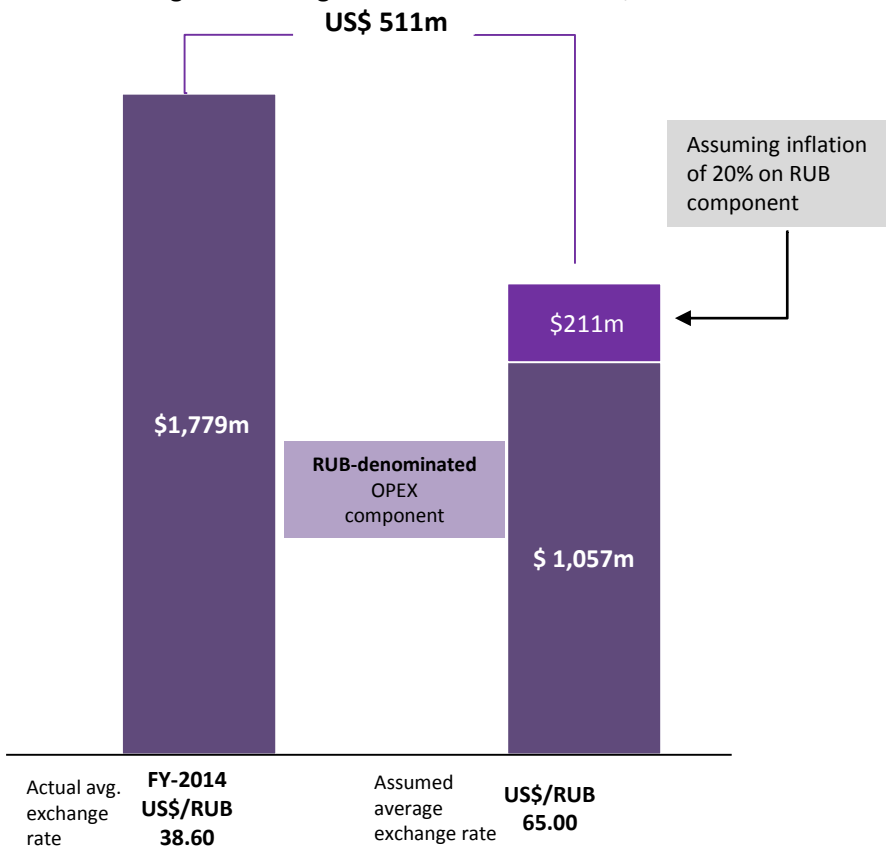
Results and Developments

HYPOTHETICAL POSITIVE EFFECTS FROM US\$/RUB DYNAMICS



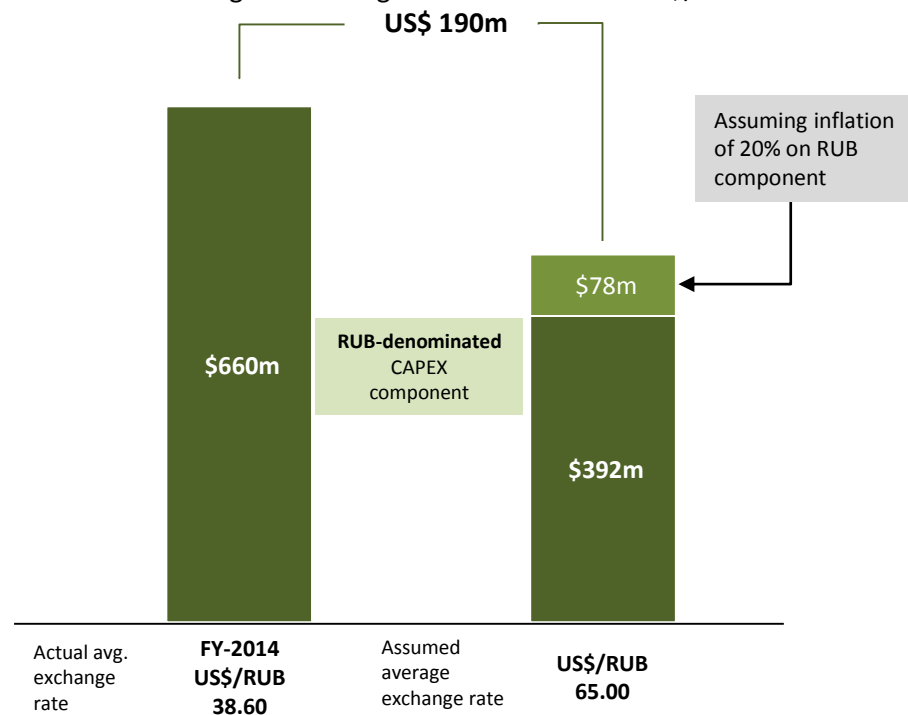
Operating cash costs – RUB component

Potential decrease in operating cash costs in 2015 if avg. exchange rate changes from 38.6 to 65.0 US\$/RUB



Capital costs – RUB component

Potential decrease in capital expenditures in 2015 if avg. exchange rate changes from 38.6 to 65.0 US\$/RUB



Russian Central Bank rate for 12 February 2015: US\$/RUB 66.06

Results and Developments

RECONCILIATION OF EBITDA TO NET PROFIT



	2014	2013	
EBITDA (US\$m)	1 512 992	1 348 994	
Depreciation and amortisation	(267 254)	(310 104)	
Idle property, plant and equipment write-off	(5 639)	(18 516)	Settlement from trading activity
Non-recurring income from settlement agreement	50 400		
Gain/(loss) on disposal of available-for-sale investments		(46 970)	Sale of K+S shares
Financial foreign exchange gain/(loss) - net	(1 067 225)	(184 997)	Effects of the US\$/RUB exchange rate move of 23.6 RUB during 2014 on US\$3bn debt.
Other financial gain/(loss) - net	(527 718)	(29 663)	
Interest expense	(152 345)	(161 809)	
Non-controlling interest	(95)	(198)	
Income tax expense	(120,693)	(210,180)	
Net profit/(loss) US\$m	(577,577)	386,557	

US\$/RUB exchange rate	
12M 2013	31.85
12M 2014	38.60
31-Dec-14	59.58

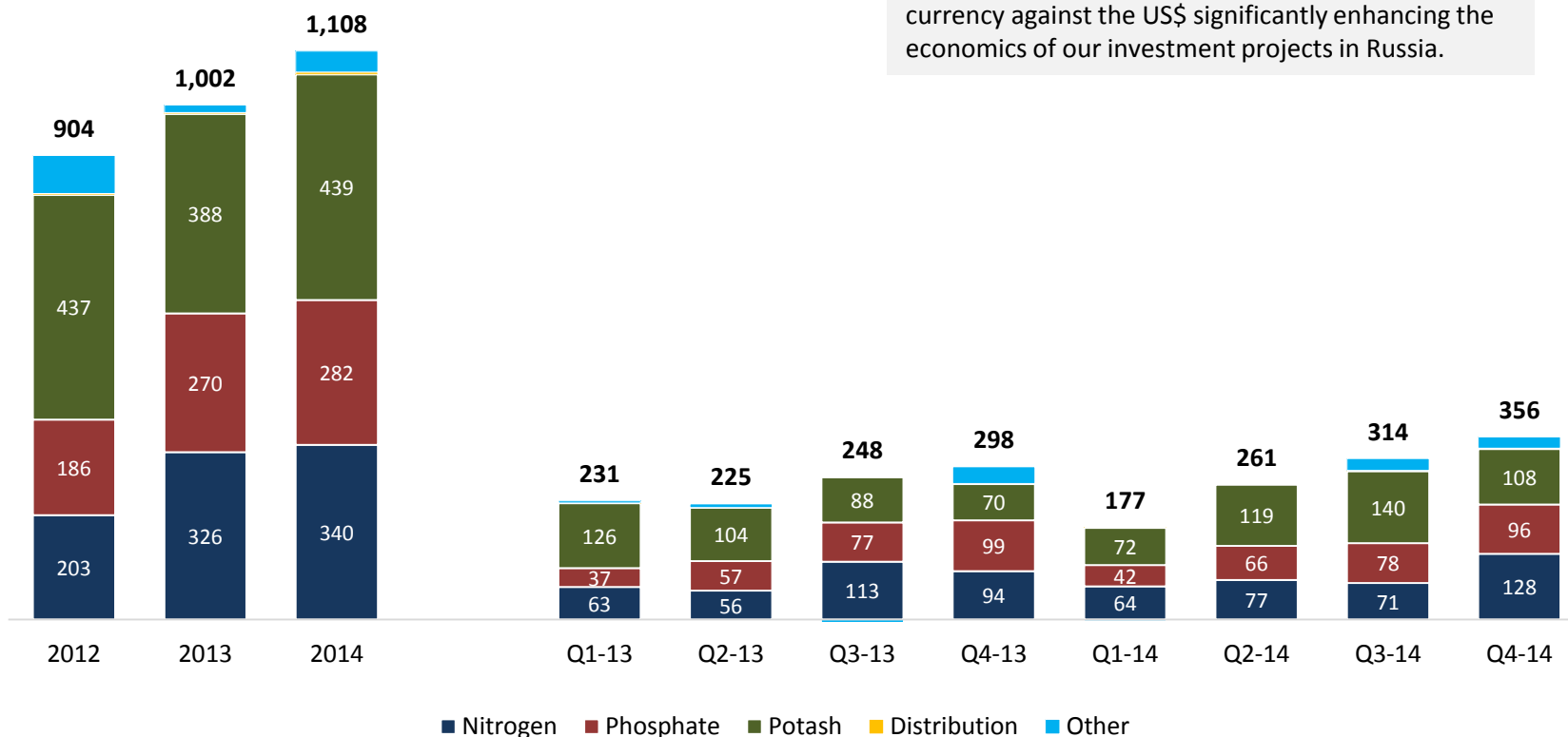
Results and Developments

CAPITAL EXPENDITURE



Group CAPEX (US\$m)

Approximately 60% of Group CAPEX is incurred in Russian roubles with the weakening of the Russian currency against the US\$ significantly enhancing the economics of our investment projects in Russia.









Maintenance CAPEX : ca. US\$ 200m per year

Results and Developments

KEY PROJECTS UNDERWAY



Project	Ammonia	LDAN	Mine pushback	Phosphate rock	Potash	Potash
						
Facility	Nevinnomysskiy	Novomoskovskiy	Kovdorskiy GOK	EuroChem Fertilizers (Kz)	VolgaKaliy ⁽³⁾	Usolskiy ⁽³⁾
Production increase (p.a.)	+ 117 KMT ammonia	+ 300 KMT LDAN	+ 948 KMT (apatite) + 136 KMT (iron ore)	+ 600 KMT phos rock	+ 4,600 KMT KCl	+ 3,700 KMT KCl
Total CAPEX <i>Average FY2014 US\$/RUB: 38.6</i>	US\$ 80m	US\$ 132m	US\$ 104m	US\$ 88m	US\$ 4.6bn	US\$ 2.9bn
incremental EBITDA (p.a.) ⁽¹⁾	+US\$ 20m Undergoing testing and ramp-up	+US\$ 50m	+US\$ 35m	+US\$ 20m	+US\$ 1.3bn ⁽⁴⁾	+US\$ 1.0bn ⁽⁴⁾
Comments	Technical reconstruction of ammonia unit with capacity increase to 1,980 KMT per day Reduce raw material gap in ammonia and increase gas to ammonia ratio & unit efficiency	Launch of production of low-density ammonium nitrate (LDAN) Broaden product mix; increase efficiency and phase out outdated production units	Opening of a new ore body adjacent to the main pit to increase apatite production Increase resource base / reduce mining raw material deficit	Drilling & blasting operations launched October '13 Increase resource base / reduce mining raw material deficit Establish foothold in Central Asia	Reach self-sufficiency in potash with unique resource base. Gremyachinskoe deposit averaging 39.5% KCl, <500km to port; enter seaborne potash market	Launch potash production in Russia's potash heartland at the Verkhnekamskoe deposit. Further expand mix with proprietary specialty K products (SOP, NK, NPK...)
Completion ⁽²⁾	Completed Q4-14	78%	80%	80%	36%	22%

(1) Assuming full capacity utilization of project(s)

(2) As at 1 January 2015, for total projects, including all development phases.

(3) Including both project phases

(4) Assuming US\$ 350 FOB potash price

Results and Developments

CONSERVATIVE FINANCIAL POLICY

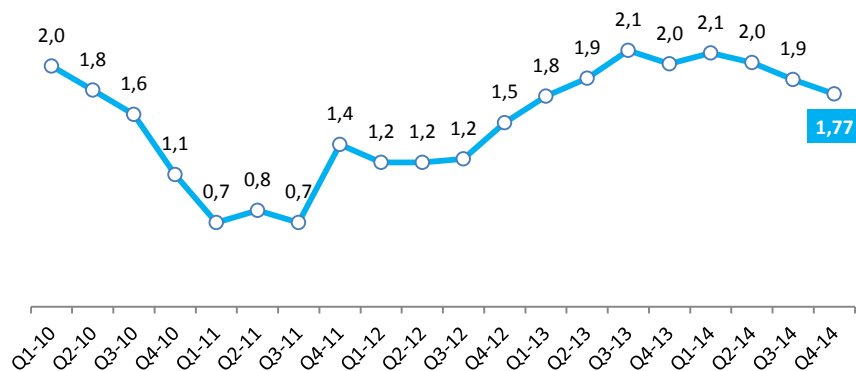


Key debt metrics

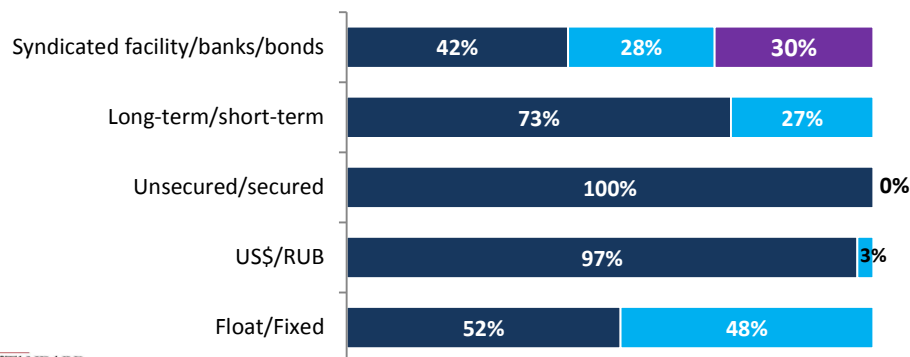
As at 31 December 2014	US\$m*	original amount or currency, if not US\$
Unsecured syndicated facility	1,291	US\$ 1300m
2017 Eurobonds	748	US\$ 750m
Bilateral loans (RUB)	524	RUB 39.5bn
Bilateral loans (US\$)	317	
Rouble bonds	177	RUB 10bn
Gross debt	3,057	
Less: cash and cash equivalents ⁽¹⁾ and fixed-term deposits	377	
Net debt US\$m	2,681	Net Debt/EBITDA 1.77x

Net debt/EBITDA dynamics

Net debt/EBITDA targeted across-the-cycle range of 1.5x-2.0x



Debt mix (31/12/2014)

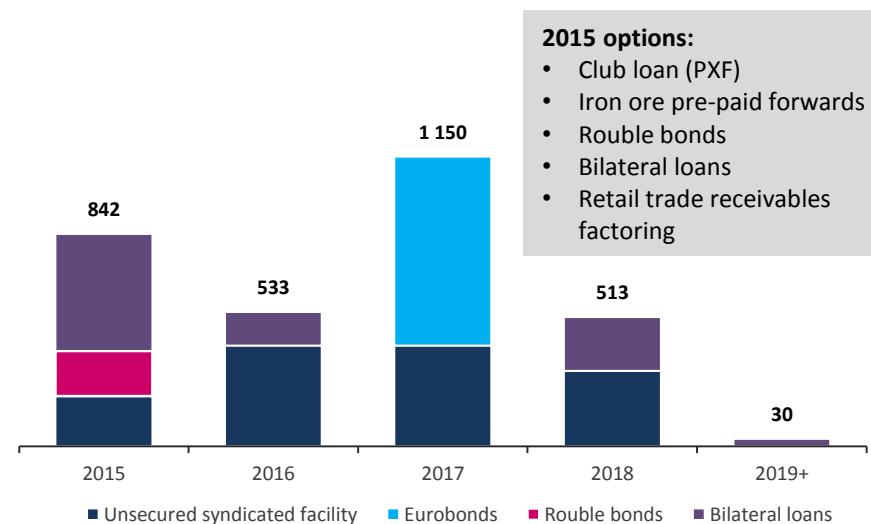


STANDARD
& POOR'S

FitchRatings

BB/stable ratings on AO EuroChem and EuroChem Group AG


Debt maturity profile, US\$m (31/12/14)



2015 options:

- Club loan (PXF)
- Iron ore pre-paid forwards
- Rouble bonds
- Bilateral loans
- Retail trade receivables factoring

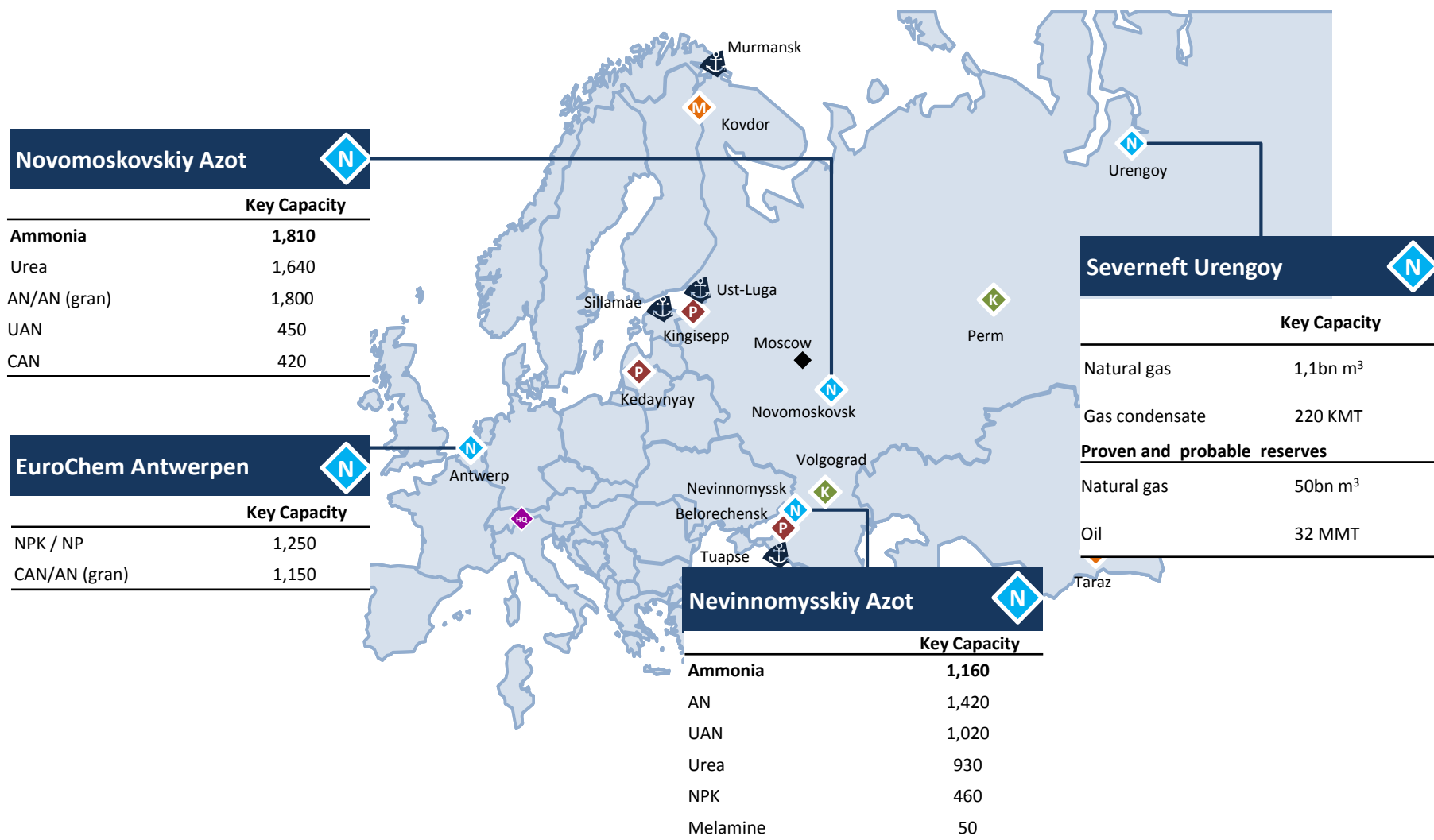
(1) Including current portion of restricted cash * Net of transaction costs

A photograph of an industrial facility, likely a refinery or chemical plant. In the foreground, several large, dark, insulated pipes run horizontally across the frame. In the background, there is a tall, complex distillation column with multiple levels and ladders. To the left, a smokestack emits a plume of dark smoke. The sky is blue with scattered white clouds. The overall scene depicts a large-scale industrial operation.

NITROGEN SEGMENT

Nitrogen Segment

VERTICALLY INTEGRATED PRODUCER



Nitrogen Segment

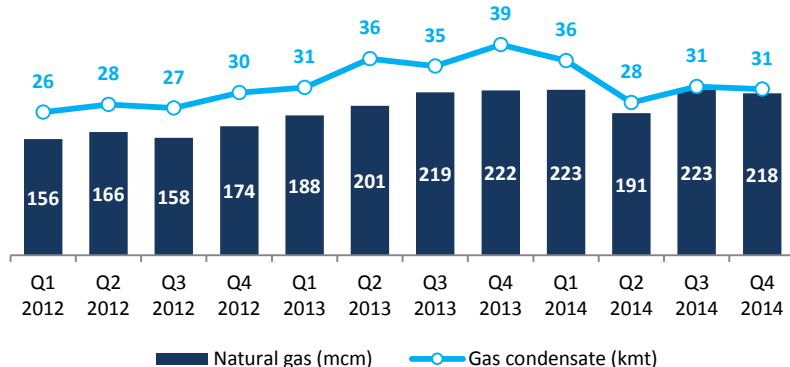
COMPETITIVENESS - NITROGEN



Robust cost competitiveness

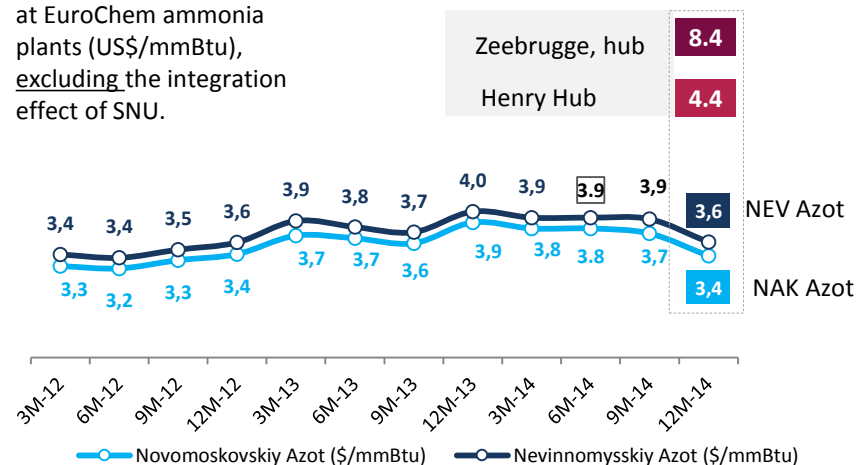
- One of the largest nitrogen manufacturers globally (3.0 MMT p.a. of ammonia capacity)
- With natural gas accounting for c.90.0% of ammonia production costs, manufacturers in lower-gas regions such as Russia are among the most advantaged globally
- Low-cost natural gas provides EuroChem with a natural cost advantage for the production nitrogen-based fertilizers
- Ammonia competitiveness further enhanced by in-house natural gas capacity (ca. 25% of requirements)
- Production in Russia and Western Europe ensures close proximity to end-users in key emerging and developed markets
- Cost competitiveness in commodity products sustained through to specialty products

Sales volumes

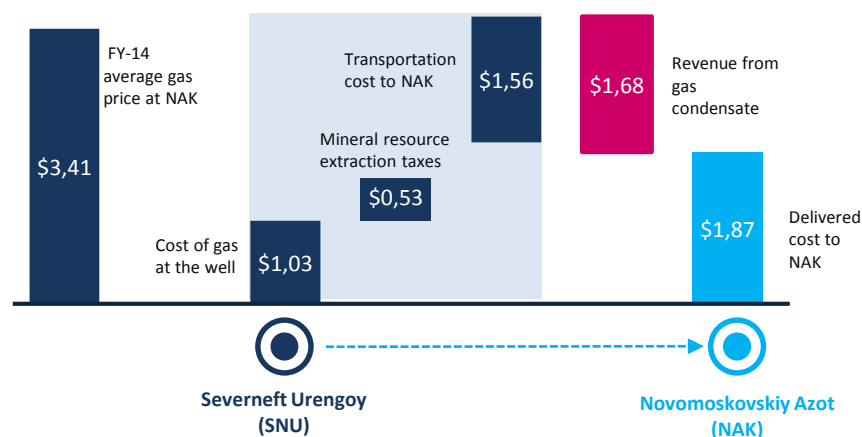


Advantageous cost position enhanced by RUB devaluation

Average FY-14 gas prices at EuroChem ammonia plants (US\$/mmBtu), excluding the integration effect of SNU.



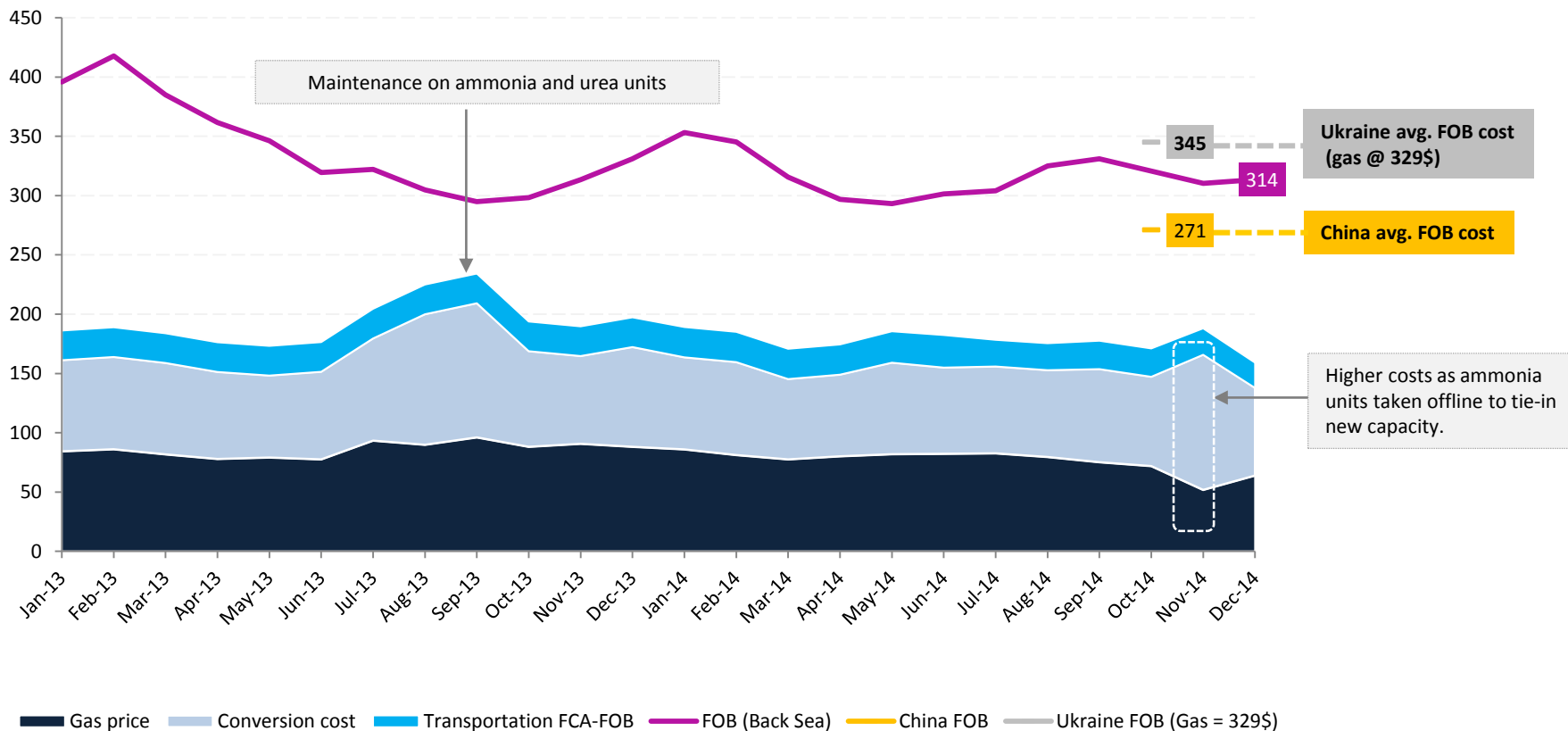
Cost benefits of natural gas integration (FY 2014 data)



*based on quarterly averages



Nevinnomysskiy urea cost (FOB Black Sea), US\$/tonne



PHOSPHATES SEGMENT



Phosphates Segment

INCREASING PHOSPHATE RESERVES



Phosphorit



Key Capacity

MAP	810
DAP	410
Feed phosphates	220

Lifosa



Key Capacity

DAP	950
Feed phosphates	170

EuroChem-BMU



Key Capacity

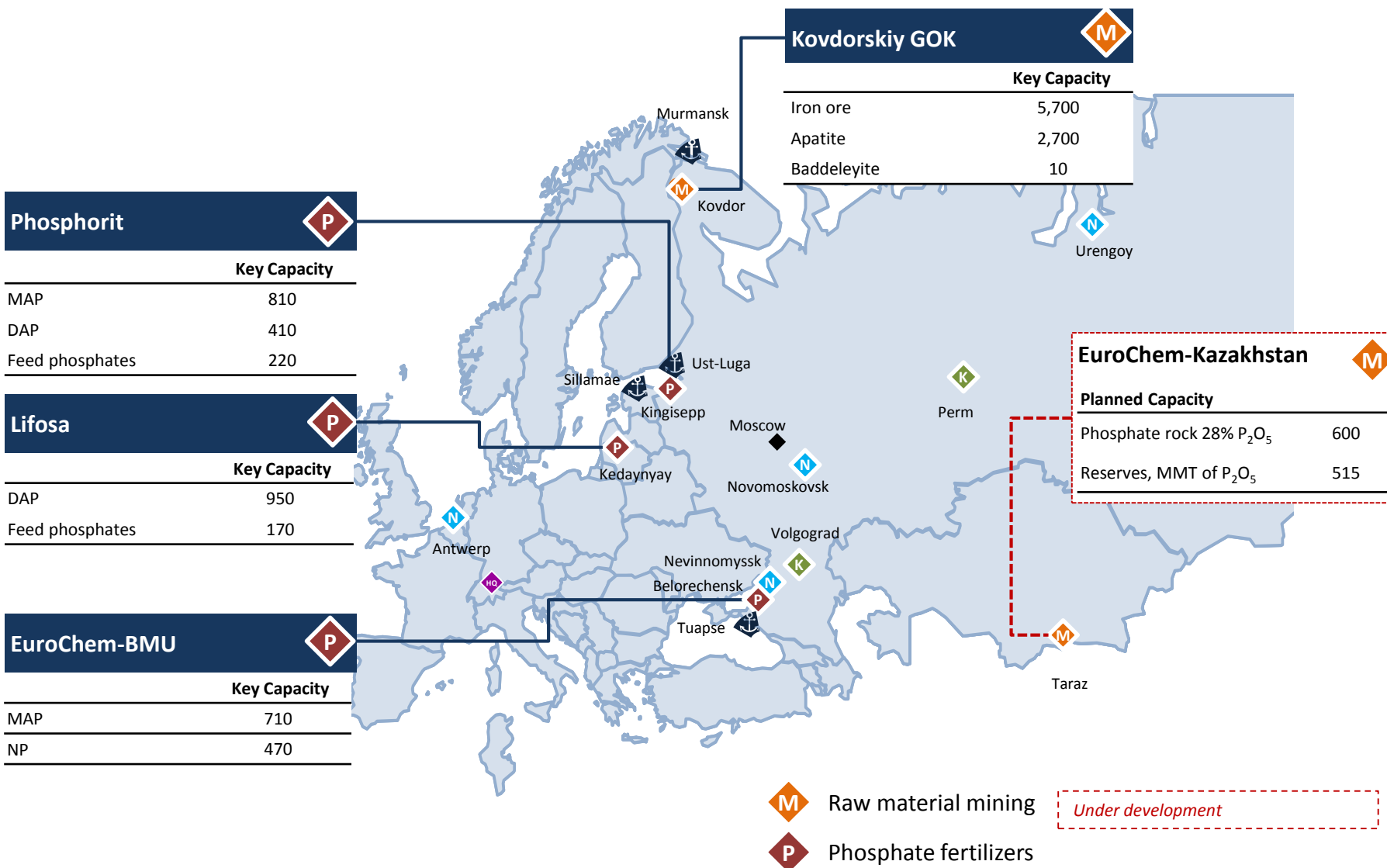
MAP	710
NP	470

Kovdorskiy GOK



Key Capacity

Iron ore	5,700
Apatite	2,700
Baddeleyite	10

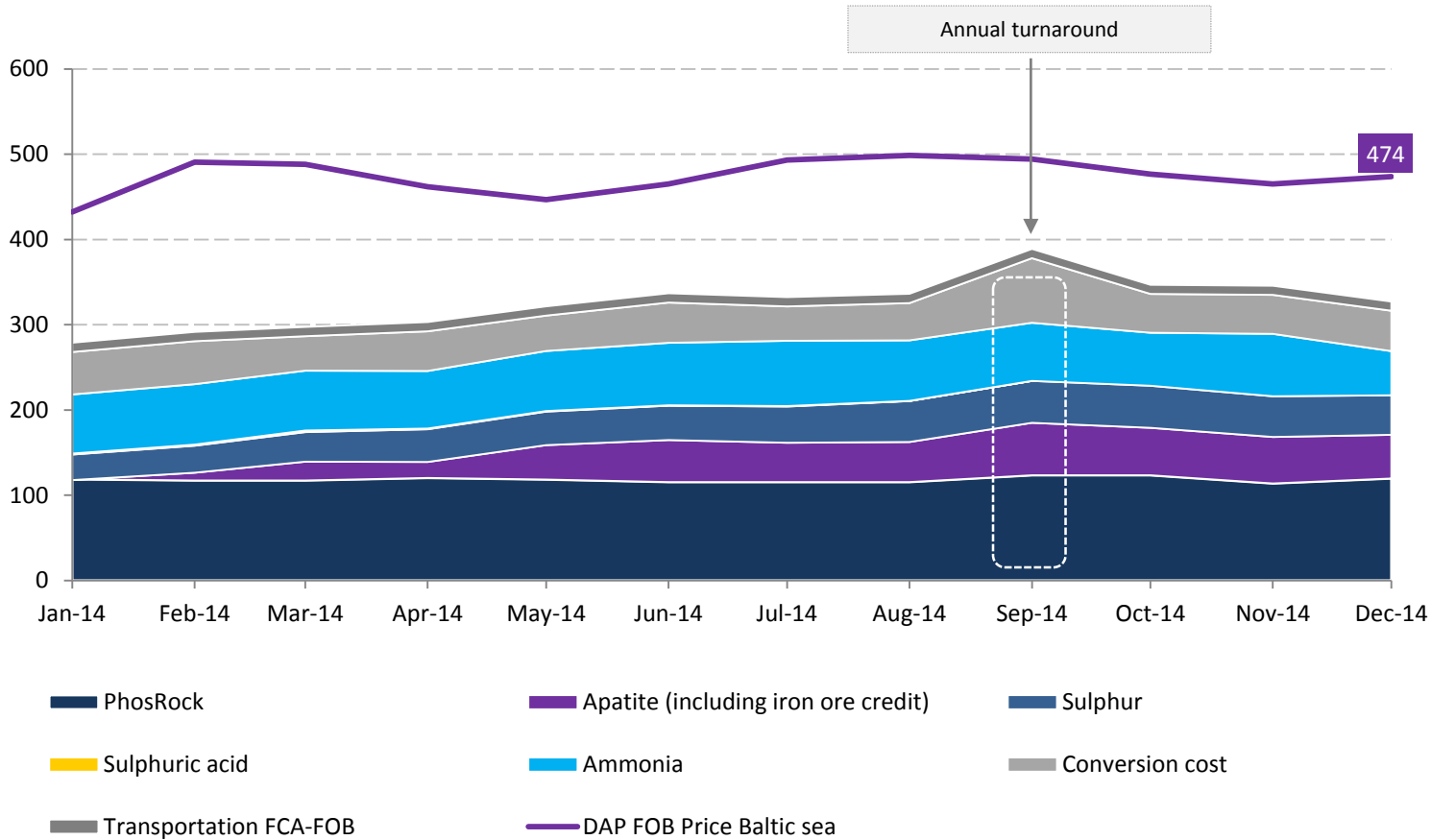


Phosphates Segment

LOW COST INTEGRATED DAP/MAP PRODUCTION WITH IRON ORE CONTRIBUTION



Lifosa DAP costs (FOB Baltic), US\$/tonne, with iron ore credit



Phosphates Segment

TARGETING SELF-SUFFICIENCY



EuroChem has acquired licenses to develop three sections of the Kok-Djon phosphate deposit (reserve base: 138 MMT of P_2O_5)

Currently more than 394 construction contractor employees and 107 EuroChem-Fertilizers employees working on site, including on:

- Permanent administrative building
- Crushing and dry milling facilities
- High Voltage Line 110 kV and step-down/substations

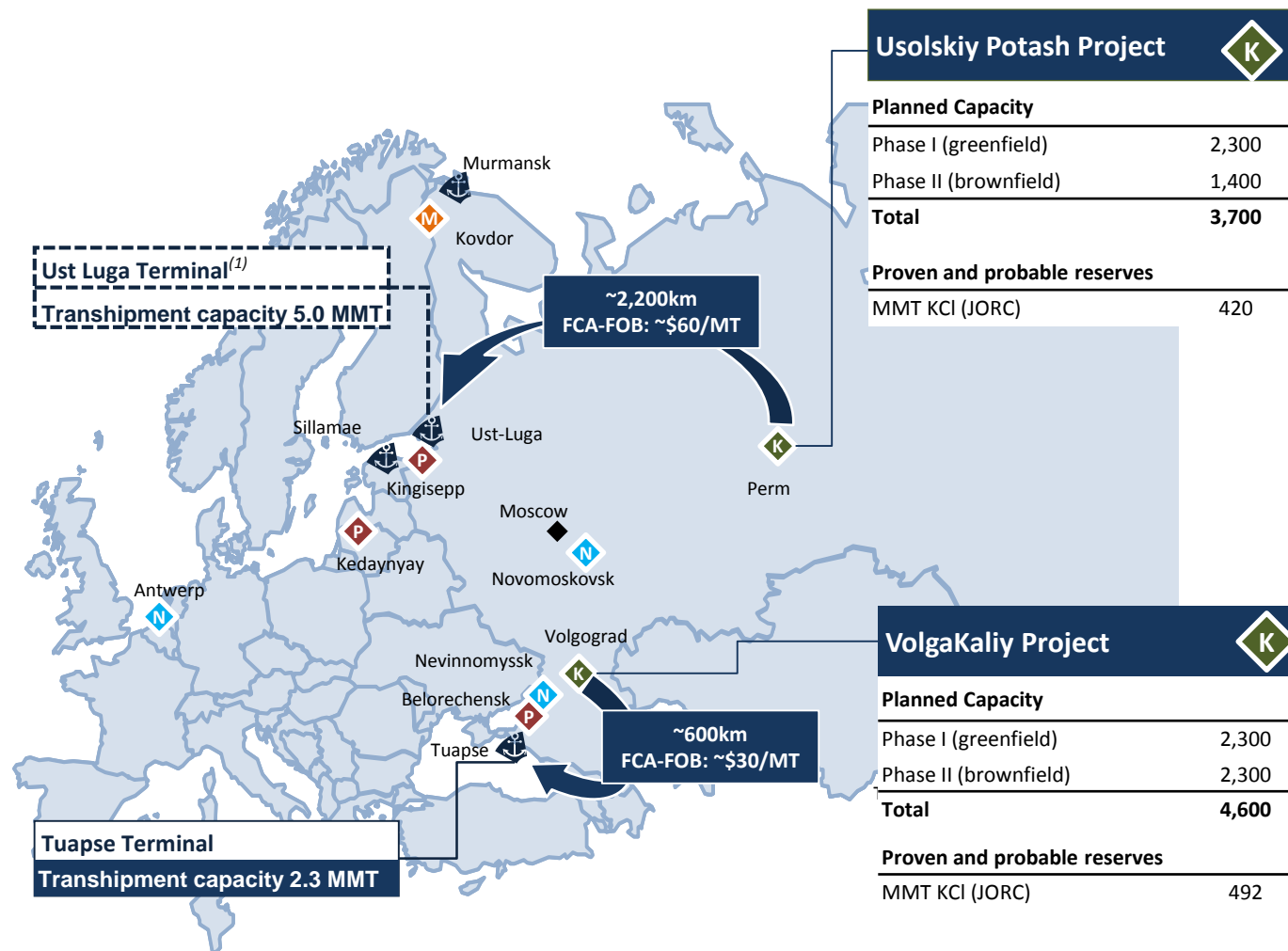


A wide-angle, fisheye photograph of a large industrial facility, likely a potash processing plant. The central feature is a large, circular structure with a yellow, multi-level framework. Two large, cylindrical, yellow machines are positioned in the foreground, each with a long, articulated arm extending upwards. Several workers in hard hats and safety gear are visible around the machinery. The floor is covered in a layer of dark, granular material, possibly potash ore or waste. The lighting is bright and artificial, casting strong shadows.

POTASH PROJECTS

Potash Projects

FAVORABLE POSITIONING



¹⁾ Under construction

Potash Projects

USOLSKIY POTASH (VERKHNEKAMSKOE DEPOSIT, PERM REGION)



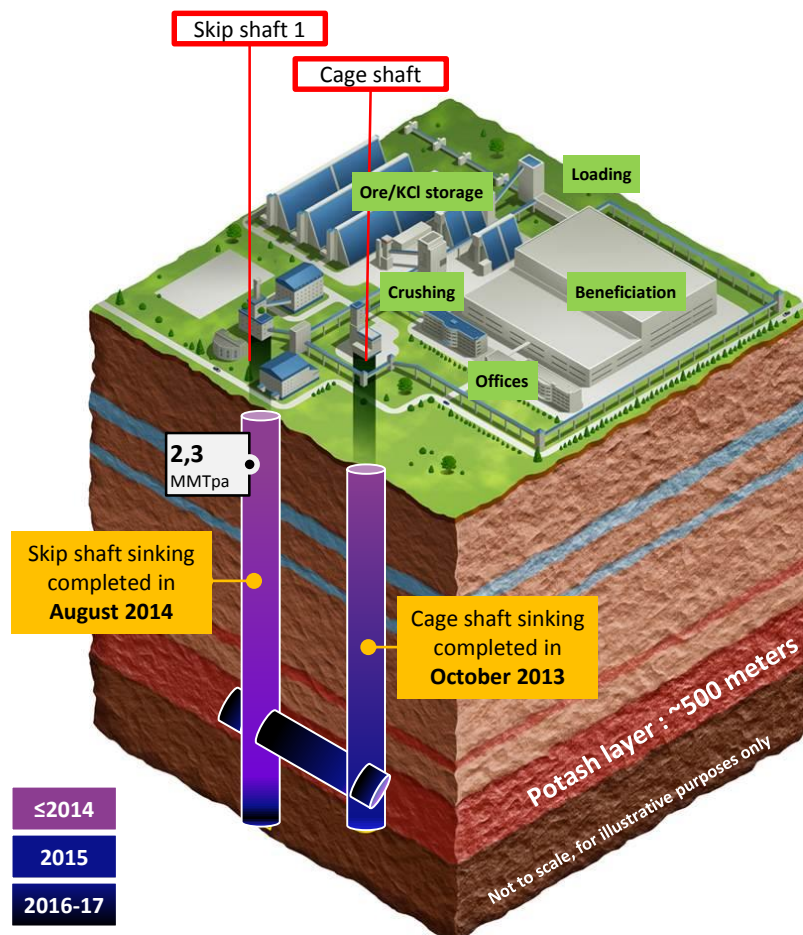
Main work in progress

EXPECTED COMPLETION	SURFACE	SHAFTS	MINE
completed	Dirt work	Back grouting Shaft sinking	
1Q-15	Gathering pond for storm water		
2Q-15	Administrative building		
3Q-15	Workshops		
2Q-16	Ore storage		
3Q-16			Ventilation

Key stages

- 2.3 MMT p.a. (KCl), construction of infrastructure, cage shaft (C), skip shaft #1 and processing facility.
- Additional capacity of 1.4 MMT p.a. (KCl), construction of additional skip shaft and expansion of processing facility.

Shaft sinking



- JORC proven and probable reserves: **420 MMT (30,8% KCl content)**
- useful life of mine: **+35 years**



Potash Projects

VOLGAKALIY (GREMYACHINSKOE DEPOSIT, VOLGOGRAD REGION)



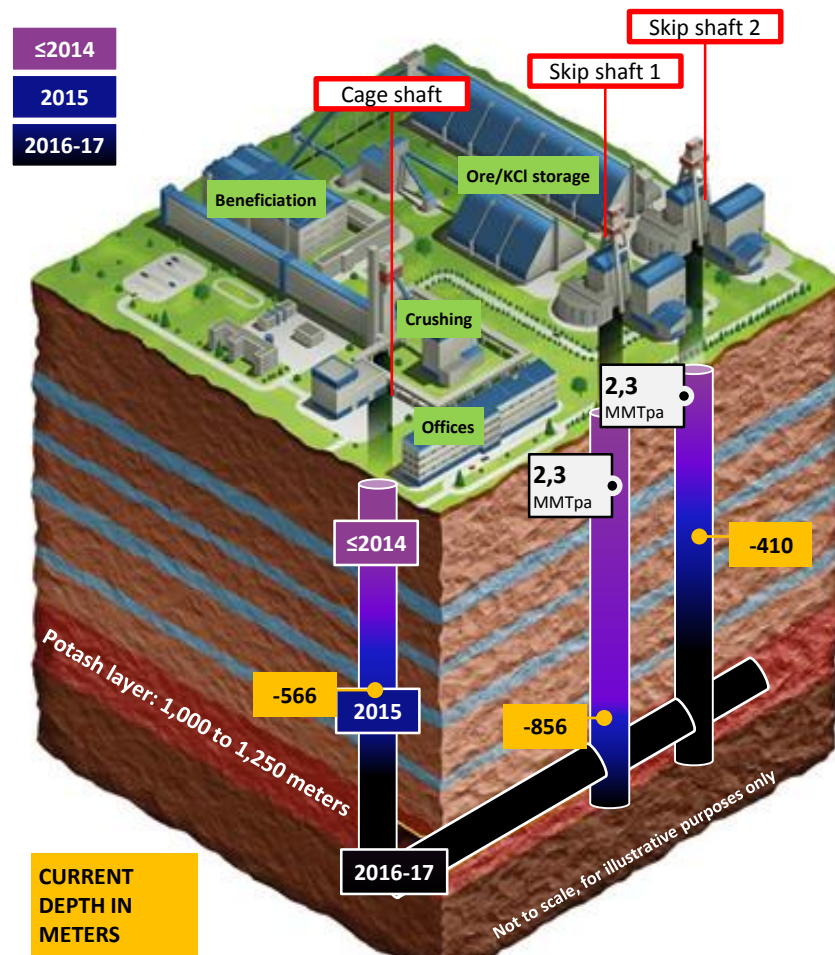
Main work in progress

EXPECTED COMPLETION	SURFACE	SHAFTS	MINE
completed	Dirt work Permanent canteen Gathering pond for storm water	Shaft freezing	
3Q-15	Workshops		
2Q-16	Administrative building & Ore storage		
3Q-16		Skip shaft 1 sinking	
4Q-16			Ventilation & Mining machines

Key stages

- 2.3 MMT p.a. (KCl), construction of infrastructure, cage shaft (C), skip shaft #1 and processing facility.
- Additional capacity of 2.3 MMT p.a. (KCl), construction of skip shaft #2 and expansion of processing facility.

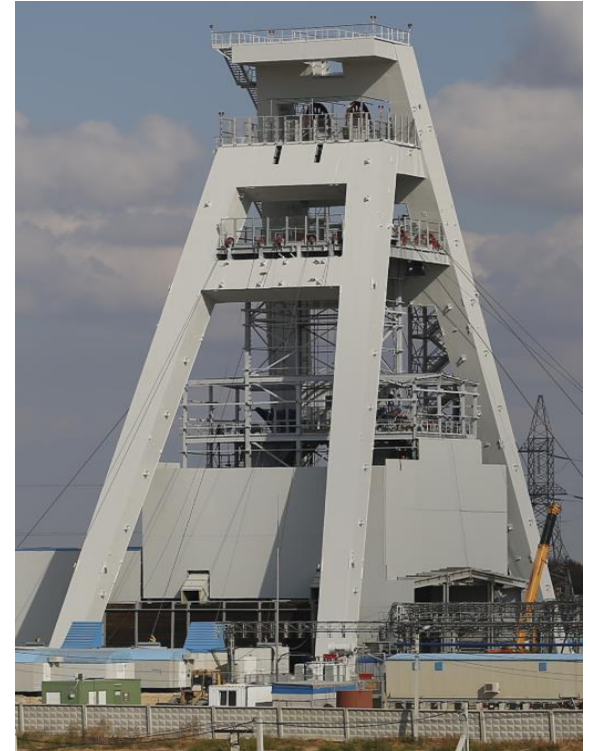
Shaft sinking



- JORC proven and probable reserves: 492 MMT (39,5% KCl content)
- useful life of mine: +40 years

Potash Projects

VOLGAKALIY - VISUAL UPDATE





Nitrogen

- The removal of China's seasonal tax windows should not lead to any substantial increases in volumes given the already high export volumes of the last few years coupled with an increasing domestic demand.
- Additional capacity in the Middle East and North Africa and potential downward revisions to the nitrogen subsidy system in India could lead to increased competition in the Eastern Hemisphere.
- In the CIS, ammonia, urea and nitrogen-based fertilizer supplies are expected to remain limited for as long as unrest persists in Ukraine.
- The weakening of the Russian currency has significantly increased the competitiveness of Russia-based ammonia and nitrogen fertilizer production.

Phosphates

- Positive pricing momentum ahead of peak season in the Western Hemisphere. Low inventory levels across key markets, especially India, should provide support to prices over the next quarters.
- Some shift in Indian subsidies from nitrogen to phosphates likely to provide further upward traction to pricing.
- absence of a seasonal export tax for Chinese phosphate products should limit pricing volatility and provide greater market visibility.

Potash

- Healthy inventory levels and the further erosion of supply-side discipline will likely delay the signing of this year's potash supply contracts.
- Limited upside on pricing over the next quarter.

Q&A

Thank you, please visit www.eurochemgroup.com
for further details.

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